

## Message Text

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ACTION EUR-12

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INT-05 L-02 NSAE-00 NSC-05 OMB-01 PM-03 SAM-01 OES-05

SP-02 SS-15 STR-04 TRSE-00 FRB-01 IO-10 PA-02 USIA-15

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E.O. 11652: N/A

TAGS: ENRG, NL

SUBJ: GOVERNMENT HEARING ON ROLE OF MAJOR OIL COMPANIES  
IN NETHERLANDS DURING OIL CRISIS

1. FOLLOWING FRENCH, GERMAN AND US EXAMPLES, DUTCH PARLIAMENT INVITED REPRESENTATIVES OF FOUR MAJOR OIL COMPANIES IN NETHERLANDS TO ATTEND HEARINGS MARCH 18-20 IN AN ATTEMPT TO GET AN INSIGHT INTO THE OIL INDUSTRY'S POLICY DURING OIL CRISIS, PRICING OF OIL PRODUCTS, AND PRESENT DEVELOPMENTS IN OIL MARKET. HEARINGS WERE ORGANIZED BY SECOND CHAMBER'S STANDING COMMITTEE ON ECONOMIC AFFAIRS IN CONSULTATION WITH MINISTRY OF ECONOMIC AFFAIRS AND DUTCH SUBSIDIARIES OF SHELL, ESSO, CHEVRON AND BRITISH PETROLEUM.

2. SPOKESMEN OF FOUR OIL COMPANIES USED THEIR APPEARANCE TO DENY ALLEGATIONS THAT COMPANIES MADE UNREASONABLE PROFITS DURING OIL CRISIS BY ADAPTING PRICES OF OIL PRODUCTS TO PREVAILING OPEN MARKET PRICES AND BY DIRECTING OIL FLOWS TO MARKETS WITH HIGHEST PROFIT MARGINS. SHELL SPOKESMAN MONTLIN NOTED THAT PROFIT MARGINS DURING LAST QUARTER OF 1973 AND UNCLASSIFIED

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FIRST QUARTER OF 1974 DECLINED DUE TO GOVERNMENT'S FREEZING

OF MARGINS, AND THAT HIGHER PROFITS WERE RESULT OF HIGHER VALUE OF STOCKS. ESSO SPOKESMAN VAN DUIVENBOODE STATED THAT EXXON DURING THE CRISIS FOLLOWED A CONSERVATIVE PRICING POLICY WHICH IT KEPT SEPARATE FROM ITS LOGISTICS. CHEVRON'S SPOKESMAN PILIERO COMPLAINED THAT HIS COMPANY WAS UNABLE TO MAKE PROFITS DUE TO GOVERNMENT'S PRESENT PRICING POLICY, WHILE MANAGEMENT OF BRITISH PETROLEUM TOLD COMMITTEE THAT HIS COMPANY HAD INCURRED ITS BIGGEST LOSS SINCE ITS FOUNDATION.

3. ASKED BY THE COMMITTEE WHETHER SCARCITY PICTURE DRAWN BY OIL COMPANIES WAS NOT EXAGGERATED, BOTH SHELL AND ESSO SPOKESMEN NOTED THAT ALTHOUGH REAL SCARCITY DID NOT EXIST, PREVAILING SITUATION WAS CHARACTERIZED BY UNCERTAINTY ABOUT SUPPLIES AND THREATS OF BOYCOTT. SHELL SPOKESMAN CONFIRMED THAT HIS COMPANY NEVER HAD ANY SHORTAGE OF OIL DURING CRISIS BECAUSE THE COMPANY HAD BEEN ABLE TO INCREASE ITS SUPPLIES FROM OTHER SOURCES. ALL FOUR OIL COMPANIES EMPHASIZED THAT THEY HAD DONE THEIR UTMOST TO SHARE AVAILABLE OIL.

4. SPOKESMAN FOR FOUR OIL COMPANIES PRAISED THEIR SUPPLY SYSTEM WHICH HELPED NETHERLANDS THROUGH OIL CRISIS, BUT CALLED FOR A GOON SCENARIO IN EVENT OF A NEW CRISIS AND INTERNATIONAL AGREEMENTS ON SHARING OF AVAILABLE OIL IN CASE OF EMERGENCY.

5. COMMENT: GENERAL IMPRESSION AFTER HEARINGS WAS ONE OF DISAPPOINTMENT AND DOUBT ABOUT USEFULNESS OF INSTRUMENT USED. NOT ONLY DID OIL COMPANIES SEEM TO HAVE INITIATIVE DURING HEARINGS, BUT THEY ALSO ARE MAJOR SOURCE OF INFO ON WHICH COMMITTEE IS GOING TO COMPILE PICTURE OF SITUATION AND ROLE OF OIL COMPANIES DURING CRISIS.  
TANGUY

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## Message Attributes

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